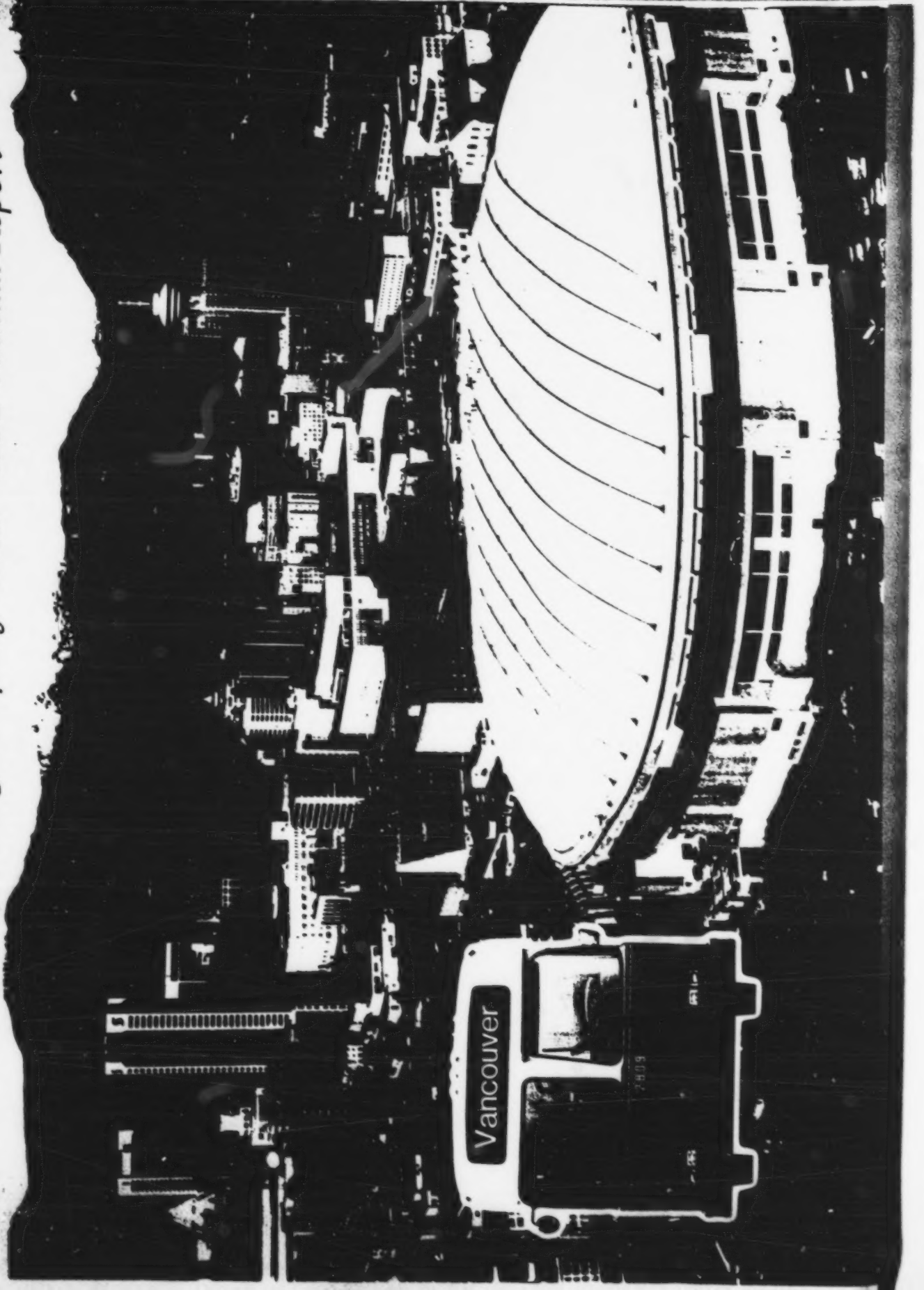


Metro Transit Operating Company 1983 - 1984 Annual Report



Metro Transit Operating Company.
Annual report - 1980 - 1981 - 1982 - 1983 -

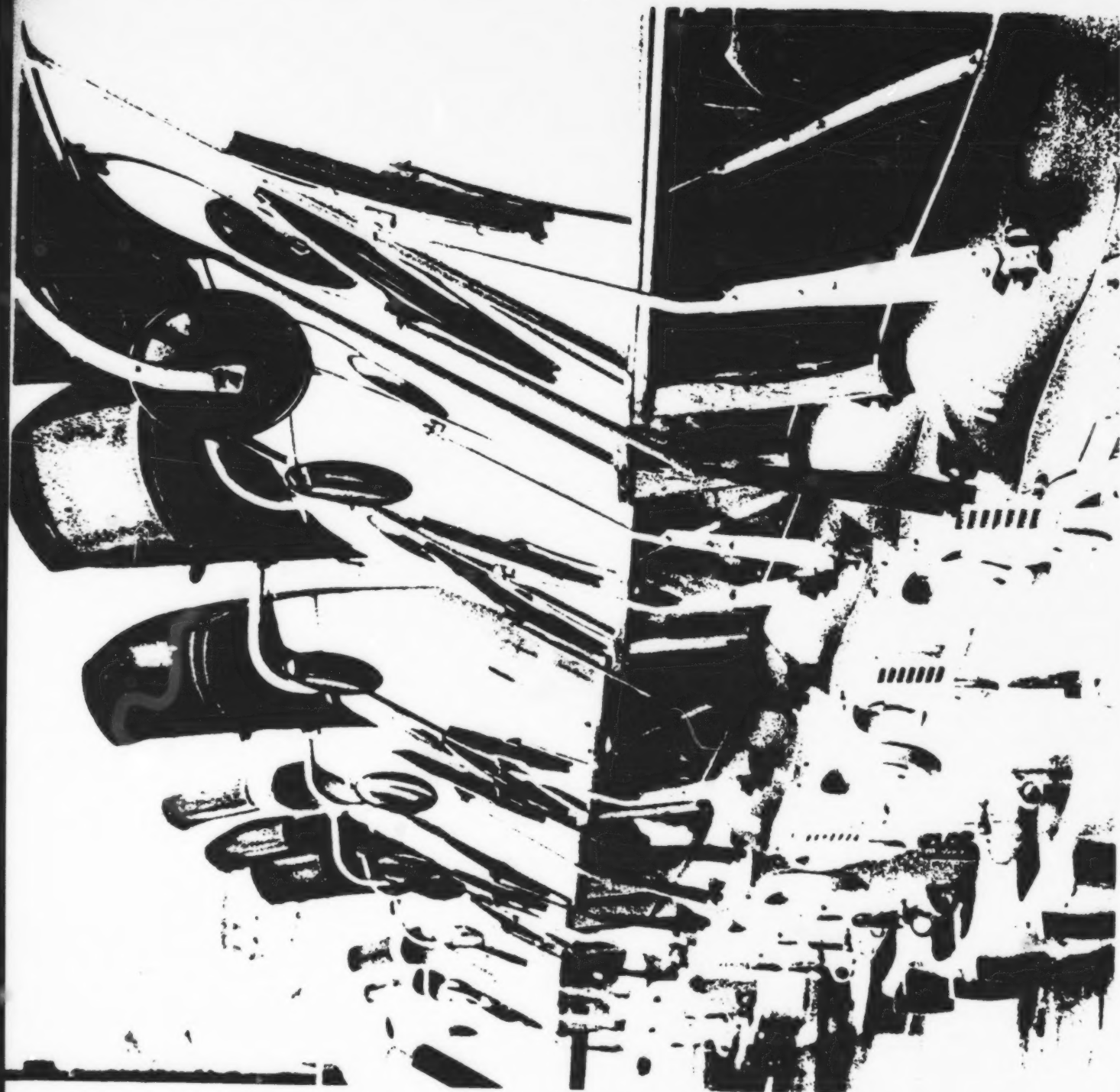
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Board of Directors



John B.E. Gault (Vice-Chairman)



William L. Anderson



Larry I. Bell



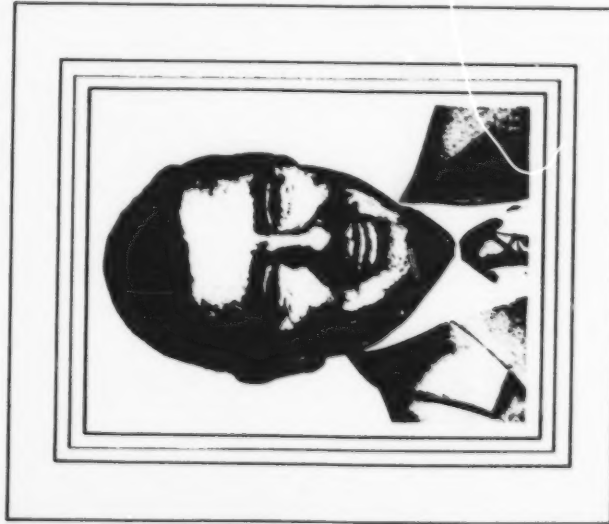
R. William Long



William H. Preston



Ronald Granholm



As chairman it has been a pleasure to work once again with such a dedicated and effective board.

Our purpose has been to provide a first class transit service for the people of Greater Vancouver and the Capital Regional District while living within a budget that realistically reflects British Columbia's economic situation.

In the past year we moved a step closer to reaching this goal. The median age of the bus fleet dropped dramatically with the total replacement of the 1950's Brill trolleys by 245 state-of-the-art Flyer trolleys. Like many who accept the challenge of introducing new ideas we had to see the new buses through some teething problems, but the end result is one of the most modern bus fleets in North America.

At the same time, through rationalization of service and other measures we managed to reduce expenditures by 1% without affecting the number of revenue passengers carried. In fact, the total number of passengers carried showed an increase of 4.9%.

Once again our concern for the safety of passengers and employees paid dividends. Collision rates were down substantially in both Greater Vancouver and the Capital Regional District and maintenance employees enjoyed their safest year since 1970.

Our congratulations to all concerned. All in all a successful year.

A handwritten signature in cursive script, reading "Bill Reid".

William E. Reid
Chairman

General Manager



With the resignation of Bill Allan as general manager of Metro Transit Operating Company, Ken Mawdsley was appointed to the position on October 10, 1983.

Mr. Mawdsley, a native of Vancouver, joined B.C. Electric's Victoria Division in 1952 as an operator. His most recent position was division manager, Victoria.

The primary challenge this past year for Metro Transit has been to continue to provide a high level of service during a time of cost restraint and changing conditions.

The 1983/84 operating budget was increased only marginally over the previous year while more passengers used the system. A thorough re-examination of costs was undertaken with a view to obtaining the most effective utilization of available resources. Cutbacks were made in several departments and by careful planning we were able to handle necessary staff reductions through attrition rather than layoffs.

While the year was marked not only by budget restrictions but also with unsettled labour relations, we are proud to point out that Metro Transit provided service for more passengers, more safely, this year than ever before.

Obviously much of the credit for these achievements must go to the people who operate the buses and those who maintain them. The fleet was upgraded with the new advanced technology Flyers replacing the faithful Brill trolleys. Accident rates were down by approximately 20 percent from the previous year. This substantial reduction meant not only greater safety for passengers but also more efficient service. Similarly, maintenance staff improved productivity by turning in record low on-the-job injury rates.

SeaBus employees and those in Greater Victoria deserve a special mention. Victoria employees received two awards from the Canadian Urban Transit Association, one for the greatest improvement and the second for the best safety record in the 1983 Industrial Safety Competition. SeaBus employees were awarded the American Public Transit Association's Silver Certificate in recognition of 550,000 hours worked, since January 1978, without a single disabling injury.

It is a tribute to the dedication of our drivers, maintenance and SeaBus workers, office personnel and the management group that a higher volume of passengers was served and safety standards were maintained during this time of uncertainty and cost restraint.

It is our people's history of commitment to service to our customers which will form the foundation for a renewed effort to work together as a team to provide a more effective and efficient transportation system in Vancouver and Victoria.

Ken F. Mawdsley
General Manager

Lower Mainland Operations

SeaBus

By the end of the fiscal year, SeaBus was nine months into its seventh year of operation and had carried a total of 21,620,439 passengers. Once again, in 1983/84, an on-time dispatch reliability of 99.99% was maintained while the passenger count rose slightly to 3,201,937 — an increase of 2.4% over 1982/83.

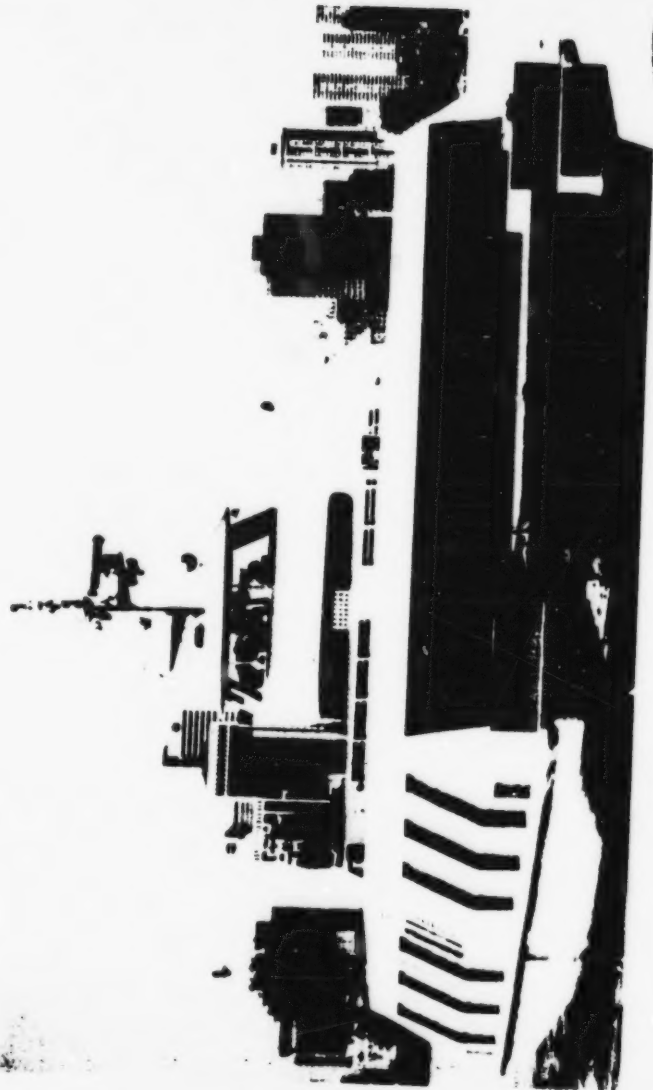
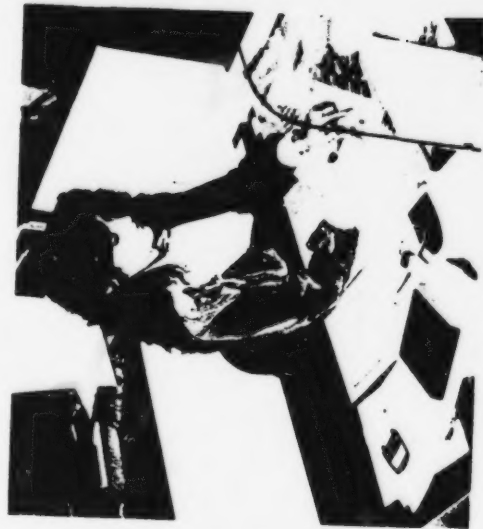
New Equipment

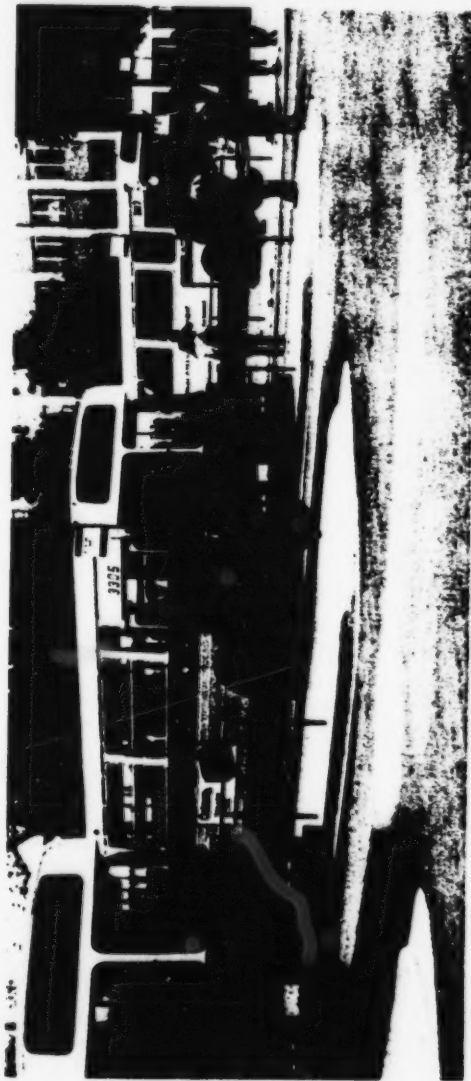
The acquisition of the 245 new Flyer trolleys and 35 new diesel buses was completed during the year. The suppliers of the trolleys worked hard to solve the salt-related problems that affected service during the winter. By fiscal year end all the buses were in service.

New Telephone Equipment for Transit Information

A new electronic telephone system makes it easier and more pleasant for transit riders to get the information they need. Since November, 1983, when the new system became operational, the number of unanswered calls has dropped by approximately 96% and the number of calls handled has increased by some 11%.

When all the information operators are busy, most callers now hear a recorded message which asks them to wait, and recorded music is played. Each caller is then helped in order.





New Loop at U.B.C.

Early in September, a new loop, just east of East Mall on University Boulevard, became the terminus for buses running to U.B.C.: 10 TENTH, 41 FORTY-FIRST, 49 FORTY-NINTH (rush hours), 25 KING EDWARD (rush hours) and 286 NORTH SHORE-UBC.

B.C. Place

For official opening ceremonies on June 19th, 1983, and on many subsequent occasions, B.C. Place Stadium attracted large crowds to the downtown area.

Contrary to some predictions, however, traffic, while extremely heavy, remained manageable. Additional bus service and the willingness of patrons to disperse their cars throughout the downtown area helped considerably.

Carrall Garage Closes

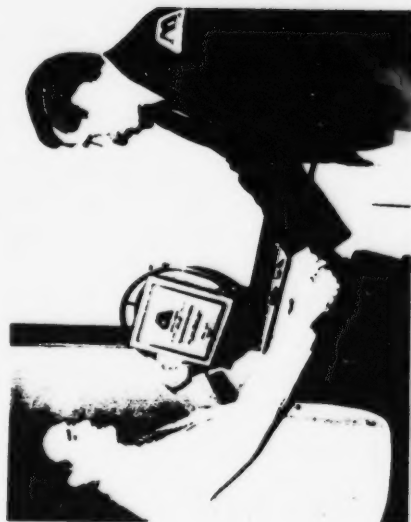
With Carrall Garage slated to become part of the Expo '86 site, the 58 vehicles that operated from the garage were transferred to the new False Creek Operating Centre on March 27th, 1984. The new operating centre also became the day base for lay-ins from Port Coquitlam and Surrey transit centres.

Surrey Operator Best Driver in North America

Ermie Norman, S.T.C., who won first place in the B.C. Bus Rodeo on two occasions, 1980 and 1983, went on this year to win the North American crown in Denver, Colorado.

Ernie scored an amazing 692 out of a possible 700 points to top the best drivers in North America and win first place in the American Public Transit Association's International Rodeo.

For the feat, Ernie received a trophy and \$1,000.



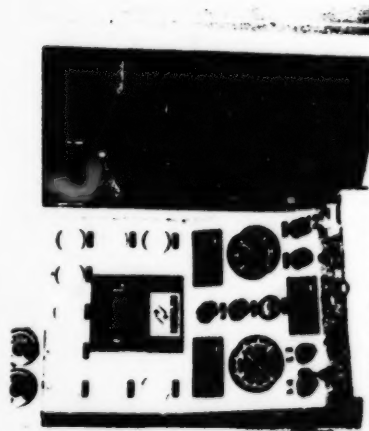
Back in Vancouver at a meeting of the M.T.O.C. board of directors, Chairman Bill Reid presented Ernie with a special award to recognize his outstanding achievement.

Lower Mainland Maintenance

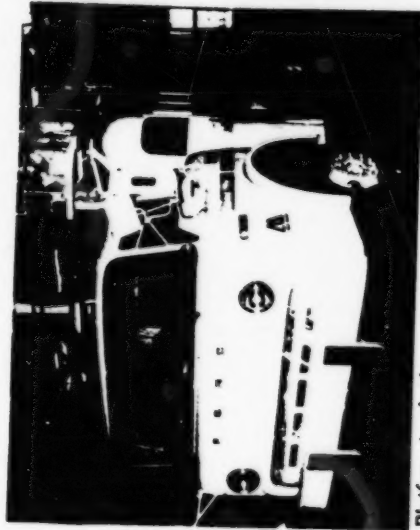
Once again, a first class preventive maintenance program allowed Metro Transit to lead all Canadian transit properties in extending the interval between oil changes. In fact, other properties averaged 3.9 times as many oil changes per bus as M.T.O.C.

A new transmission tester, which simulates road conditions in the garage, has dramatically improved the performance of overhauled transmissions. The number of transmissions requiring further adjustment has already decreased by 75%.

Several versatile, time-saving new lathes were installed at Cambie Garage. The new lathes produce metric and English threads, and are designed for safer operation and greater capacity than the models they replace.



Transmission tester at Cambie Garage



Platform truck after receiving its new M.T.O.C. livery.

Metro Transit took over responsibility for the maintenance of the overhead system for trolley buses. Four platform trucks were acquired from B.C. Hydro and a new vehicle was purchased for overhead inspection.

Installation of a bus alarm system, designed and assembled at Cambie Garage, commenced. (See page 12).

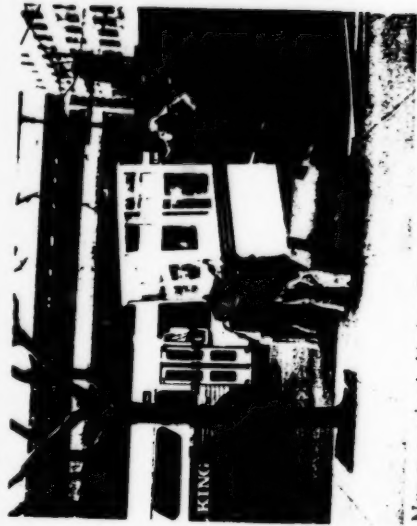
Responsibility for purchasing, inventory control and stores was consolidated under Al O'Hara. Al and his purchasing and inventory control staffs moved into new offices in Cambie Garage, March 19, 1984.

These new offices and other projects were planned by Asset Liaison and constructed by Building Maintenance, including:

A new lunch room at Oakridge Garage; new fare collection stations at North Vancouver, Surrey, Kensington and Port Coquitlam transit centres; a trolley overhead changing station; an addition to the fare counting house and an electronic lab at Oakridge transit centre; and a new supervisor's kiosk at Burrard and Dunsmuir. Facilities improvement studies were conducted for North Vancouver and Surrey transit centres.

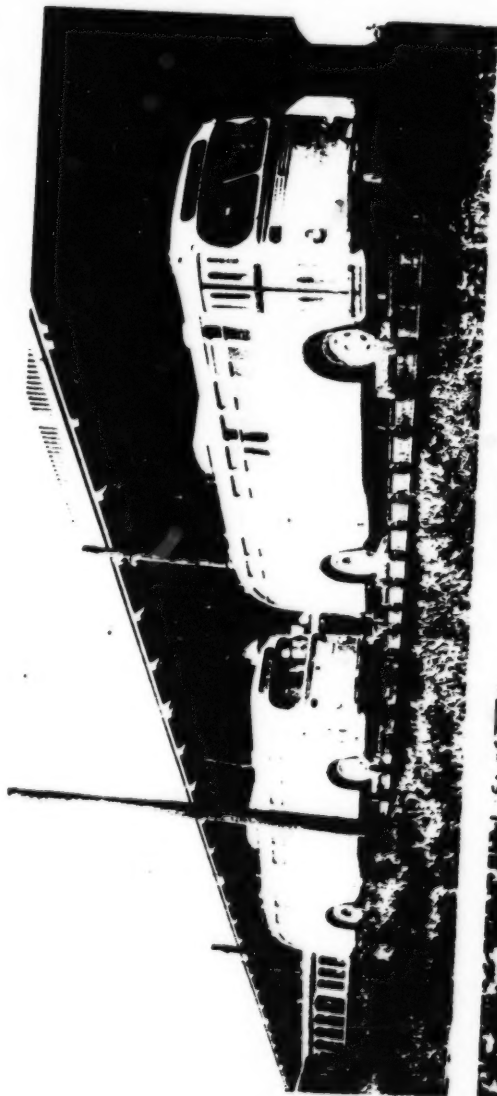
Plans were completed for the move of Carrall Garage staff and facilities to False Creek at the end of March, 1984.

Major overhaul facilities studies for the replacement of Cambie Garage were completed.



New supervisor's kiosk at Burrard and Dunsmuir

The Brill Trolley Coach



Regular trolley bus service started in Vancouver on August 16th, 1948, with a fleet of 82 CCF-Brill T-44's operating from the Oakridge Transit Centre. The first route was from Fraser and Marine via Fraser, Kingsway, Main, Pender, Seymour, Robson and Cambie to 29th.

By July 15, 1955, when trolley buses replaced the last streetcars on the Hastings Street route, Vancouver had 327 Brills, the largest fleet in Canada. 245 were the larger T-48's with double front doors and more seats.

28 years later most of these amazing Brills, each of which had travelled over a million miles, were withdrawn from service.

Sunday, January 15, 1984 saw a group of transit enthusiasts meet at the Oakridge Transit Centre to honour the Brills and to tour the system on the last nine operational buses.

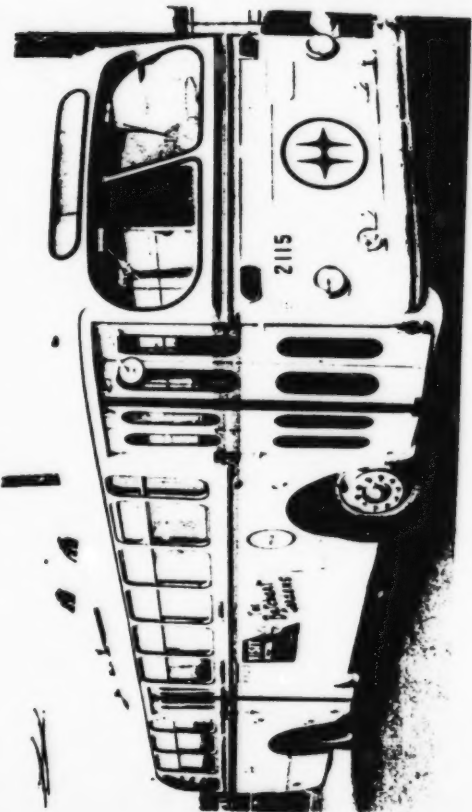
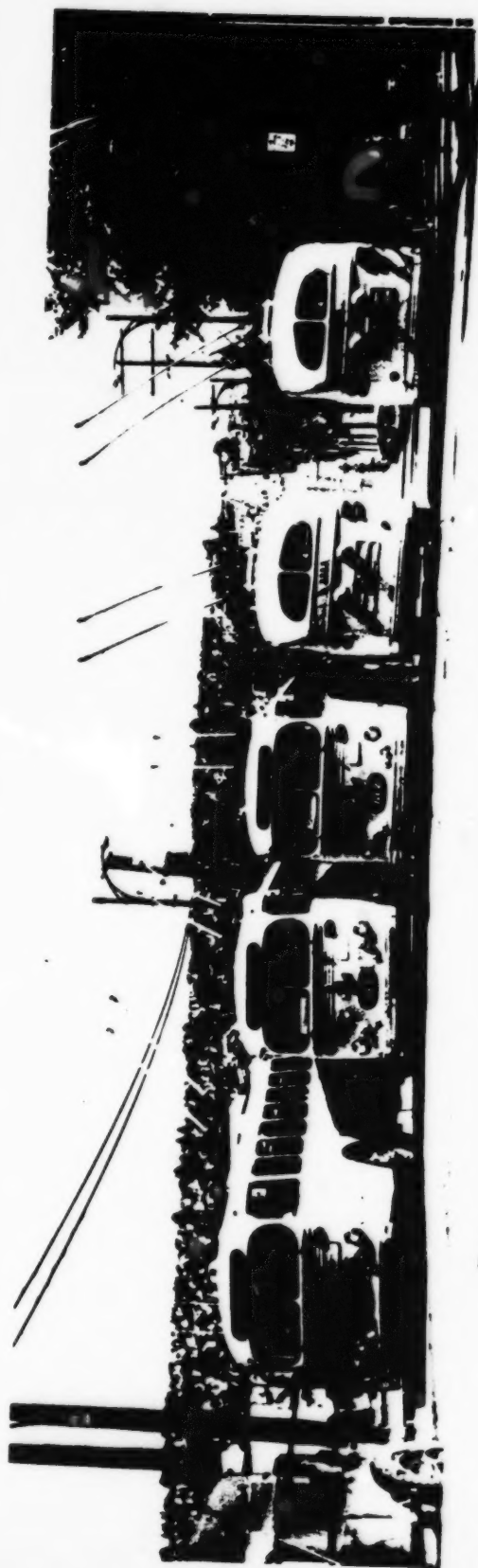
1947 — First two Brills arrive by railway flatcar.

1948 — People line up at Queen Elizabeth Park to board a trolley on the first day of regular service, August 16th.

1955 — Five trolley coaches side-by-side on Hastings Street, near Renfrew, during the PNE. At that time Hastings was the only street in North America to have five sets of overhead trolley wires.

1965 — A Brill in B.C. Hydro colours.

1984 — Transit buffs enjoy the last official trip on two of nine remaining Brills.



ident Prevention & Security

Safety Records Improved

Metro Transit operators again set a new record in 1983: the collision rate was 18% below the rate for 1975. This is a remarkable accomplishment in view of the increased number of cars on the road and the rising accident rate. 151 operators qualified for 5-year safe driving awards and 114 for 10-year awards.

Maintenance employees enjoyed their safest year since 1970. Since 1976 the on-the-job injury rate has dropped by 60%.

SeaBus employees again set a new record for on-the-job safety. By January 25, 1984 they had worked 550,000 hours (since January 3, 1978) without a disabling injury. In 1983 their performance was recognized by the presentation of the American Public Transit Association's Silver Certificate.

New Bus Alarm System

The number of assaults on buses decreased in 1982 and 1983 and it is confidently predicted that a further reduction can be expected in 1984 with the introduction of a new local alarm system, designed and assembled at Cambie Garage.

The new alarm, which is being installed for the protection of both employees and passengers, can be activated by the operator from any point within the bus. Once



Operator demonstrating how the new alarm can be activated.

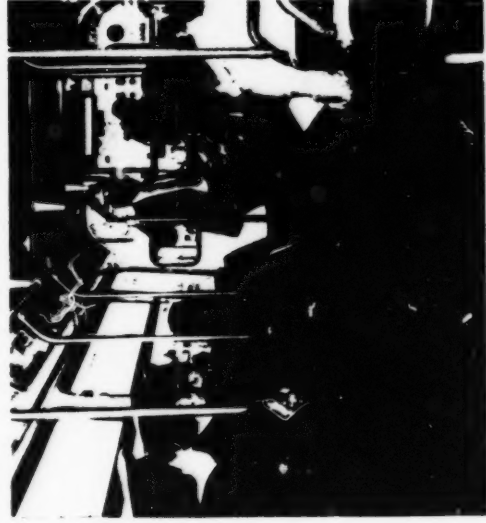
activated, the device will cause the vehicle's lights and horn to go on and off in a pulsating fashion. Anyone seeing and hearing the alarm is asked to call the police immediately.

Tests on the Toronto and Boston transit systems have found that the threat of an alarm is a very effective deterrent.

Security

For the second straight year the 'Combat Vandalism' program and increased surveillance by security personnel paid major dividends with reductions in various forms of vandalism, such as broken bus windows, by as much as 40%.

This excellent result is attributed to the increasing number of vandals being identified and potential vandals being deterred. 43 employees and members of the public provided information that led to the identification and conviction of vandals (identification leading to restitution in the case of juveniles) and were presented with 'Combat Vandalism' awards. Criminal charges were pursued in 219 instances. Restitution for damage caused by juveniles was obtained in 58 cases, following parental interviews. Inside bus cards reminded potential vandals that plain clothes security personnel were patrolling the system.

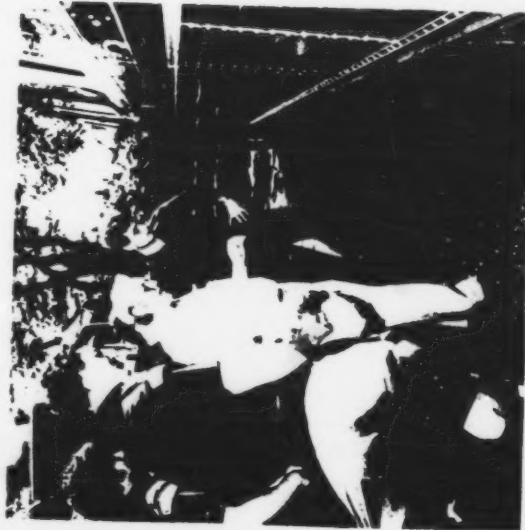


Fire Prevention

The Fire Prevention staff visited employees at work locations throughout the Company and conducted sessions on the proper use of equipment and fire fighting techniques.

Training in emergency procedures on transit vehicles continued for members of Greater Vancouver fire departments.

The general public again benefitted from the fire fighting training provided to operators. During the year operators assisted 37 drivers to douse automobile fires.

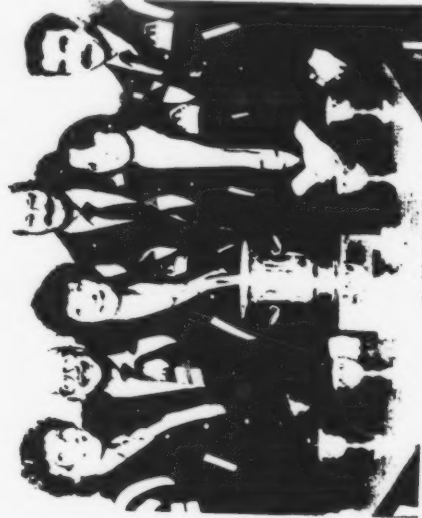


In October, 1983, B.C. Transit small communities personnel attended two safety seminars presented by M.T.O.C.'s Accident Prevention and Security department.

First Aid Team Wins Big

In only its fourth year of competition, the M.T.O.C. First Aid Team placed first in the Lower Mainland Zone, Senior First Aid Competition, May 28, 1983.

Members of the team are: Wendy Ratcliffe, Operator; Manager-Doug Hartman, Supervisor of Accident Prevention; Marie Meldrum, Operator; Coach-Jim Meldrum, Instructor; Susan Maier, Scheduler; Captain-Barry Cook, Accident Prevention Officer.



Operational Planning & Service Liaison Division

With the G.V.R.D.'s role in transit changing on April 1, 1983, Metro Transit's Operational Planning & Service Liaison Division began to receive all direction on service levels from B.C. Transit.

As usual, it was the Division's job to convert the service plans into detailed operational plans. In other words, for each quarter, the precise times that buses were to travel throughout the system and how they would interconnect was scheduled. Vehicles

and the required number of operators were determined for all routes. Detailed timetables were produced for the general public.

The Division also continued to monitor ridership throughout the system. A force of checkers provided demographics and the total number of passengers on each route. When this information was analysed, schedule changes were recommended to B.C. Transit.

Liaison continued with the cities and municipalities served by the system. The suitability of streets chosen for bus service and the placement of bus stops were two major items of discussion. Bus stop and route plan maps were then produced for the municipalities and for the operators.

Management Information Systems

Following a year of consolidation, 1983/84 could be characterized as a year of limited expansion. Several new systems were developed.

A micro-computer-based system to control work performed on trolley overhead equipment was developed by external consultants and delivered by B.C. Transit. The system is now in operation at our Main Street facility.

Service requirements on the new trolley bus fleet inspired the development of a significant on-line system on the main frame computer. A warranty tracking system monitors faults in the buses and facilitates the raising of claims and analysis of historical problem trends.

Much of the year's focus, however, was on preparation for future expansion. Computer users in several areas including Accounting,

Scheduling and Inventory, reviewed application 'packages' for purchase and installation in 1984/85 and 1985/86.

At the same time, preparations were made for the establishment of a joint computer facility with B.C. Transit. This will entail the discontinuation of our use of the service bureau in Toronto and the installation of a new IBM computer at M.T.O.C.

Finance

The Finance Division is responsible for the Accounting, Corporate Reporting, Payroll and Treasury functions.

The improvement of internal controls is an ongoing priority, especially in the area of farebox receipts. Several task force recommendations, with regard to the security and processing of farebox cash receipts, were successfully implemented during the year. Internal audit programs will be introduced during the coming year to ensure that all control procedures are adequate and fully monitored.

To further enhance and utilize the management controls inherent within the

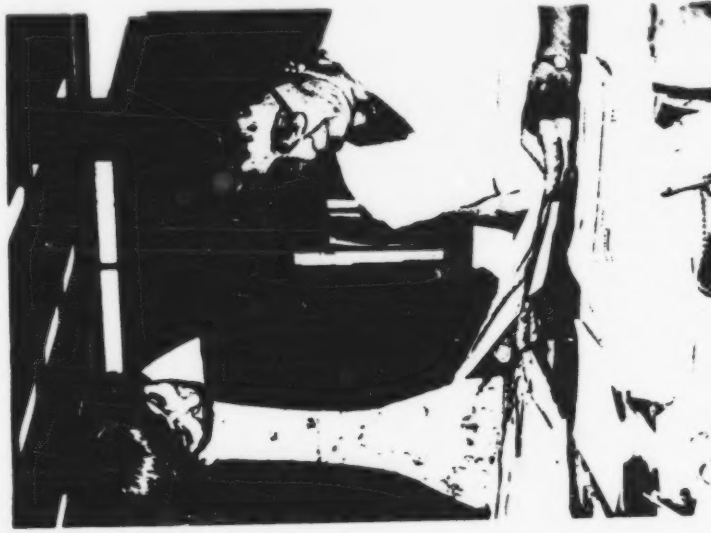
automated Materials Management System, responsibility for inventory and stores control was given to the Purchasing Department which was transferred from the Finance Division to the Maintenance Division. Before these steps were taken, careful consideration was given to the separation of duties and responsibilities at the supervisory and management levels. It is expected that the interrelating of functions under centralized senior management will result in lower operating costs.

Improvements in inventory control, also achieved during the year, provided additional controls within the inventory accounting and management system.

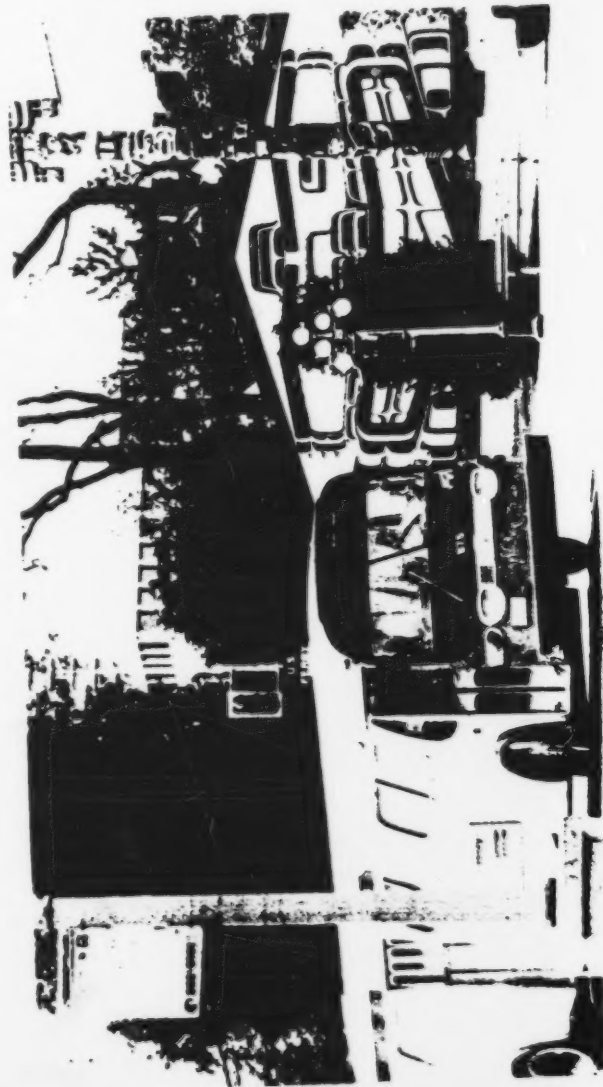
With the utmost efficiency and flexibility, the Payroll Department continued to provide over 3,000 pay cheques and pay vouchers, calculated in accordance with complex bargaining unit agreements, bi-weekly.

Due to continued funding restraints, a consequence of the economic times, current and future operating budgets and forecasts have been, and will continue to be, regularly reassessed and reworked. A budget training program has been implemented to assist all line and staff managers gain a better understanding of cost behaviour patterns as they relate to transit service. It is anticipated that this will enable them to respond more

decisively to cost control alternatives. The Finance Division was also involved in a program designed to evaluate state of the art financial application software packages. As a result of the evaluation process, a total modification of the financial information system has been initiated.



Greater Victoria Division



Finance

The Finance Department in Victoria continued to coordinate and prepare the Victoria Regional Transit System's budget, provide accounts payable, accounts receivable and inventory control services, process and deposit fares, and prepare cost and variance analysis reports for management.

The Department also participated in the joint B.C. Transit/M.T.O.C. Financial Users Committee's evaluation of a number of computerized financial systems.

Maintenance

Productivity continued to improve with the help of several new pieces of equipment: two new parts-washing machines replaced the cold chemical cleaning tank, and new mobile engine stands supplanted old and less efficient stationary component stands.

While keeping the maximum number of vehicles available for peak hour service, thirty-nine engines, forty-five transmissions and eleven differentials were overhauled. Some of this work was performed on B.C. Transit buses from smaller communities and on M.T.O.C. buses from Greater Vancouver.

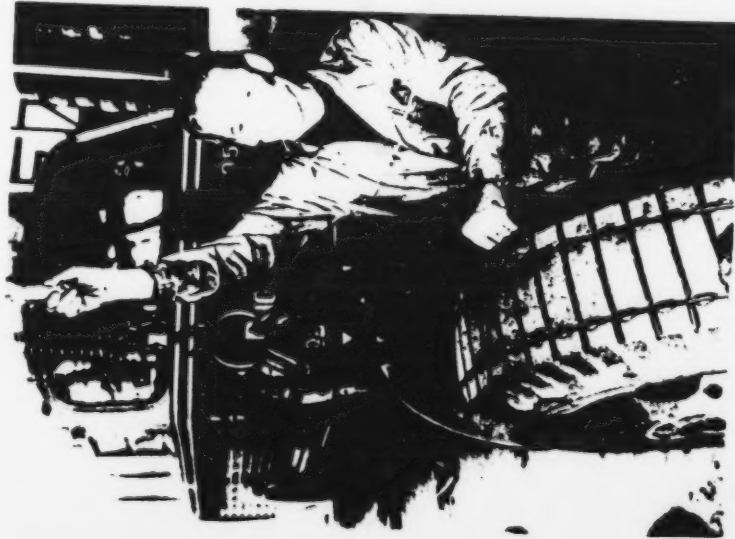
a local radio personality broadcast his three-and-a-half-hour morning show from a bus while it operated on a variety of routes. The passengers were also entertained by a Dixieland band and numerous gifts were distributed. All fares were reduced to 25¢ for the three days. Despite this success, the total number of passengers boarded for the year was slightly below that of the previous year (-1.4%).

Operations

This was a busy year for the Operations Planning Section as services were adjusted to reduce costs. Service frequency was more closely matched with passenger usage and new route interlinings were implemented.

In October, the Division participated in a unique three-day promotion during which ridership increased by 21%. On the first day,

The bodyshop painted forty-one Victoria buses, bringing the total number of buses in the new red, white and blue livery to fifty-one. Six B.C. Transit buses from smaller communities were also painted in the new colours.



The Victoria Division hosted the Canadian Urban Transit Association's Regional Maintenance Seminar in May, 1983. Thirty-nine delegates from Western Canadian transit properties discussed maintenance problems and solutions.

Accident Prevention & Security

The Division's traffic safety awareness programs and the professional attitude of the operators led to a further 20% decrease in the collision rate. In fact, during the year, fifty-five operators received safe driving awards for five or more years without a preventable accident.

123 claims were referred to the Insurance Corporation of British Columbia for adjudication. 56 claims were judged to be recoverable losses.

Meanwhile, by February 2, 1984, maintenance personnel had worked for 100,000 hours (since October, 1982) without an on-the-job injury.

The incidence of vandalism decreased substantially (-21%) as a result of the 'Combat Vandalism' program, increased on-board surveillance and aggressive pursuit in the courts of people charged with criminal offences.

The new emergency bus alarm (see page 12) was installed in ten of the Division's buses.

Two employees qualified as instructors of C.P.R. at St. John Ambulance and trained twenty-one fellow employees at in-house courses.

A first aid team, consisting of five employees, who are all industrial first aid attendants, was established in January, 1984, to represent the Division in competition.

Personnel & Administration

The transit information service averaged six hundred inquiries each day. Training programs increased productivity and minimized the number of calls that had to be placed on 'hold'.

With the introduction of new filing methods, including the increased use of the computer system for storage, processing and quick recovery of operational information, the staff was able to devote more time to other important functions. The department's staff requirements dropped following a reorganization.

An occupational health nurse was added to assist employees with health related problems.

Metro Transit Operating Company Operating Statistics for the Year Ended March 31, 1984

	Greater Vancouver		Capital Region		Total Company	
	1984	1983	1984	1983	1984	1983
EMPLOYEES						
Operations	2,036	*2,066	282	292	2,318	*2,358
Maintenance	448	*455	56	*57	504	*512
Administration	186	*190	27	*30	213	*220
	2,670	*2,711	365	*379	3,035	*3,090
REVENUE VEHICLES						
Diesel Buses	597	598	119	121	716	719
Trolley Coaches	291	299	—	—	291	299
SeaBuses	2	2	—	—	2	2
	890	899	119	121	1,009	1,020
Peak Service	751	**789	107	109	858	**898
Base Service	408	**426	76	80	484	**506
REVENUE HOURS	2,718,000	2,802,000	405,000	422,000	3,123,000	3,224,000
REVENUE KILOMETERS						
Diesel	42,769,000	41,855,000	8,434,000	8,693,000	51,203,000	50,548,000
Trolley	12,089,000	13,439,000	—	—	12,089,000	13,439,000
	54,858,000	55,294,000	8,434,000	8,693,000	63,292,000	63,987,000
REVENUE PASSENGERS						
Excluding Transfers	90,200,000	90,000,000	14,200,000	**14,400,000	104,400,000	**104,400,000
PASSENGERS BOARDED						
Including Transfers	150,700,000	142,500,000	17,500,000	**17,800,000	168,200,000	**160,300,000
SCHEDULED SERVICE						
Street Kilometers	1,135	**1,135	397	**416	1,532	**1,551
Route Kilometers	4,520	4,520	769	805	5,289	5,325
AREA SERVED						
Square Kilometers	1,250	1,250	430	430	1,680	1,680
Population	1,133,000	1,135,000	239,000	235,000	1,372,000	1,370,000

The number of employees listed is based on average full-time equivalents for the operating year. The remaining statistics are as recorded at the end of the operating year.

* Number of employees revised in the prior period to include full-time equivalents.

** Other revisions to scheduled service provided during the prior period.

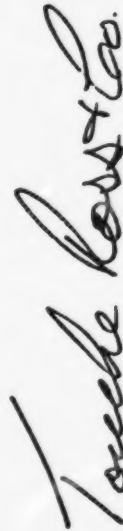
Auditors' Report

The Directors,
Metro Transit Operating Company.

We have examined the balance sheet of Metro Transit Operating Company as at March 31, 1984 and the statement of expenditures and recovery for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at March 31, 1984 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.,
May 18, 1984.



Chartered Accountants

Metro Transit Operating Company

(Created under the Metro Transit Operating Company Act of British Columbia)

Balance Sheet as at March 31, 1984

	1984 \$ '000	1983 \$ '000 (Restated - Note 5.c.)
Assets		
Current		
Accounts receivable	\$ 156	\$ 79
Recovery from British Columbia Transit		
Operating expenditures	9,162	11,918
Other	856	6
Inventories (Note 5.c.)	7,776	5,683
Prepaid expenses	2,378	2,096
	<u>\$20,328</u>	<u>\$19,782</u>
Liabilities		
Current		
Excess of cheques written over cash on deposit	\$ 370	\$ 627
Accounts payable and accrued liabilities	14,575	15,280
	<u>14,945</u>	<u>15,907</u>
Equity		
Contributed surplus (Notes 4 and 5.c.)	<u>5,383</u>	<u>3,875</u>
	<u>\$20,328</u>	<u>\$19,782</u>

Approved by the Directors

..... *W.E. Reid* W.E. Reid, Chairman

..... *J.B. Goult* J.B. Goult, Vice Chairman

Statement of Expenditures and Recovery for the Year Ended March 31, 1984

	Greater Vancouver		Capital Region		Total Company	
	1984	1983	1984	1983	1984	1983
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenditures						
Operations						
Wages, salaries and benefits	\$ 72,884	\$ 72,749	\$ 9,804	\$ 9,877	\$ 82,688	\$ 82,626
Fuel and other petroleum products	9,707	9,584	1,641	1,698	11,348	11,282
Trolley electricity	1,689	1,767	—	—	1,689	1,767
Materials, services and other	3,368	3,331	269	306	3,637	3,637
	<u>87,648</u>	<u>87,431</u>	<u>11,714</u>	<u>11,881</u>	<u>99,362</u>	<u>99,312</u>
Maintenance						
Wages, salaries and benefits	17,074	16,450	2,017	2,079	19,091	18,529
Materials services and other	<u>7,836</u>	<u>8,988</u>	<u>782</u>	<u>678</u>	<u>8,618</u>	<u>9,666</u>
	<u>24,910</u>	<u>25,438</u>	<u>2,799</u>	<u>2,757</u>	<u>27,709</u>	<u>28,195</u>
Administration						
Wages, salaries and benefits	6,166	6,422	963	988	7,129	7,410
Materials, services and other	<u>3,347</u>	<u>4,104</u>	<u>928</u>	<u>900</u>	<u>4,275</u>	<u>5,004</u>
	<u>9,513</u>	<u>10,526</u>	<u>1,891</u>	<u>1,888</u>	<u>11,404</u>	<u>12,414</u>
	<u>\$122,071</u>	<u>\$123,395</u>	<u>\$ 16,404</u>	<u>\$ 16,526</u>	<u>138,475</u>	<u>139,921</u>
Total expenditures for the year						
Recovery from British Columbia Transit						
Received					129,313	128,003
Receivable					<u>9,162</u>	<u>11,918</u>
					<u>138,475</u>	<u>139,921</u>
Net expenditures for the year					<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to financial statements.

Metro Transit Operating Company

Notes to Financial Statements, March 31, 1984

1. Status of the Company

The Metro Transit Operating Company was created by the Province of British Columbia on July 31, 1979 under the Metro Transit Operating Company Act. The Act was brought into force by Proclamation on January 18, 1980.

2. Operating mandate

The Company's mandate is to manage, operate and maintain public passenger transportation systems in designated areas within the Province, in accordance with annual operating agreements. Under this mandate, the Company took over operations of the public passenger transportation systems from the British Columbia Hydro and Power Authority (B.C. Hydro) in the metropolitan areas of Vancouver and Victoria on April 1, 1980. Effective the same date, the Company entered into major annual operating agreements, governing the provision of transit services in these areas with the Urban Transit Authority of British Columbia, the Greater Vancouver Regional District and the Capital Regional District. The Urban Transit Authority of British Columbia was renamed British Columbia Transit (B.C. Transit) on September 1, 1982. The initial agreements, which expired on March 31, 1981, have been renewed to March 31, 1985.

Pursuant to the provisions of its annual operating agreements, the Company is

provided with the use of all major fixed assets, such as passenger carrying vehicles, land and buildings and tools and equipment, by B.C. Transit subject to lease fees chargeable by B.C. Transit to the Regional Districts. In addition, the Company acquired from B.C. Hydro, for a nominal amount, certain assets, such as parts inventory, shop equipment, office furniture and equipment, service cars and trucks and computer software. At the time of acquisition, the parts inventories were valued at their average cost to B.C. Hydro and reflected accordingly as contributed surplus (Note 4).

The annual operating agreements also require that the Company collect all operating revenues and remit them directly to B.C. Transit and that the Company's gross operating expenditures are reimbursed by B.C. Transit with the deficit funding shared with the Regional Districts in accordance with their respective operating agreements.

3. Summary of significant accounting policies

- Generally accepted accounting policies
The Company's accounts are prepared in accordance with generally accepted accounting principles including the use of the accrual method of accounting for operating expenditures.
- Inventories
All inventories are valued at the lower of

cost and replacement value. Cost is determined using the average cost method.

c. Property and equipment

As explained in Note 2, B.C. Transit finances and owns all major assets utilized by the Company with recovery chargeable to the Regional Districts. Purchases of individual items in excess of the amounts shown below are accounted for as capital expenditures by B.C. Transit and purchases less than these amounts are expensed by the Company in the year of acquisition.

Tools and shop equipment	\$10,000
Passenger facilities	\$ 5,000
Furniture and office equipment	\$ 3,000
Pension plans	

The Company and its employees are subject to the Public Service

Superannuation Act and current and past service costs are accrued and funded on a current basis. In addition, the Company in accordance with the Metro Transit Operating Company Act, accrues and funds on a current basis the increased costs resulting from pension indexing for retired B.C. Hydro public transportation employees.

4. Contributed surplus

Parts inventories contributed to the Company by:

	1984	1983
	\$ '000	\$ '000
		(Restated — Note 5.c.)
B.C. Hydro (Notes 2 & 5.c.)	\$3,283	\$3,283
B.C. Transit	<u>2,100</u>	<u>592</u>
	<u>\$5,383</u>	<u>\$3,875</u>

5. Other information

a. Pension plans

Pensions costs for the current year amounted to \$7,364,000 (1983 - \$5,432,000) and, in addition, pension costs with respect to retired B.C. Hydro employees amounted to \$1,004,000 (1983 - \$813,000).

b. Trolley overhead system

Trolley overhead system maintenance costs for the current year amounted to \$1,875,000 (1983 - \$3,031,000).

c. Prior years' adjustment

The comparative 1983 financial statements have been restated to include parts inventories not previously recorded in the amount of \$502,000. These inventories were originally granted to the Company by B.C. Hydro as described in Note 2 and accordingly have been reflected as additional contributed surplus.

d. Labour relations

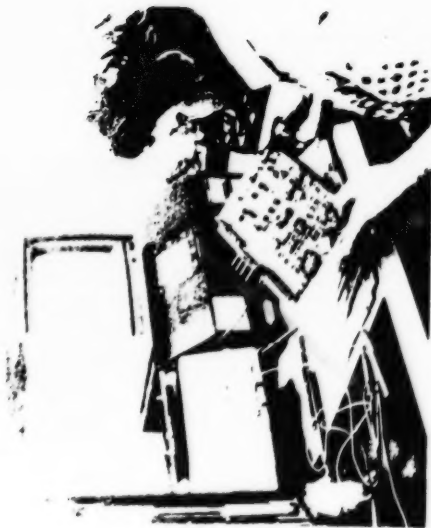
The Company's previous labour contract with the Independent Canadian Transit Union (I.C.T.U.) expired on March 31, 1983 and a new agreement is currently

being negotiated. While the terms and conditions of this new agreement have not as yet been finalized, it is management's opinion that there will be no wage or benefit increases for the year ended March 31, 1984.

In April 1984, the Company was

successful in negotiating a two year agreement, retroactive to April 1, 1983, with the Office and Technical Employees Union (O.T.E.U.) which does not provide for an increase in salaries until October 1, 1984.

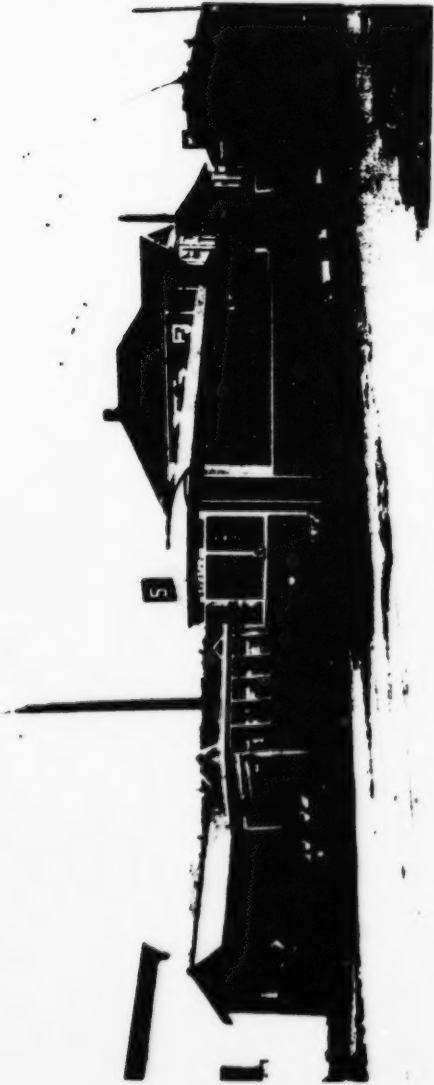




CHICAGO

CHICAGO





The operation of streetcars in Victoria and Vancouver commenced in 1890.

In the heyday of the streetcar, Vancouver had as many as 300 cars running over 1800 route miles, and high-speed interurbans carried passengers and freight to and from New Westminster, Chilliwack and Steveston. From Victoria, trams served the Saanich Peninsula as far as Deep Bay.

Although buses first made an appearance on Vancouver streets in 1923, the streetcar was the workhorse of the system until the end of the Second World War. By that time many of the cars and some of the tracks were old and run-down as a result of the depressed thirties and six years of war. This situation, combined with an increasing number of cars on the roads, migration to the suburbs and the greater flexibility and comfort of buses, convinced the planners that a complete conversion from rails to rubber was essential.

Between 1947 and 1955, 19 trolley routes were introduced in Vancouver while streetcars were phased out. The fleet of 327 Canadian-Brill trolley coaches purchased to service these routes was the largest in Canada.

But ridership continued to decline. In 1946, 141 million riders were carried. By 1970 the number had dropped to 67 million.

In 1962, transit became the responsibility of a new crown corporation, B.C. Hydro and Power Authority.

In 1972, the provincial government first became directly involved through the Bureau of Transit Services. New equipment was purchased and services were expanded, especially to suburban communities. SeaBuses, the first of their kind in the world, were built to carry up to 400 passengers on each trip between North Vancouver and Vancouver. These vessels, Burrard Otter and Burrard Beaver, have exceeded passenger projections by over a million since service commenced in 1977.

In 1978, the Urban Transit Authority Act was passed by the legislature, giving B.C. its first crown corporation with responsibility for the development of a province-wide public transit policy.

On March 20, 1980, the Greater Vancouver Regional District and the Capital Regional District each signed an agreement with the Urban Transit Authority and with Metro Transit Operating Company — a new crown corporation formed to take over the operation and maintenance of transit services in Greater Vancouver and Greater Victoria.

Pursuant to the Annual Operating Agreement, the U.T.A. (later renamed B.C. Transit) owns all passenger vehicles and other major fixed assets and leases them to M.T.O.C.

Broad transit objectives are set by B.C. Transit after consultation with the transit committees of the regional districts. M.T.O.C. converts these plans into detailed plans for implementation.